

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY BERN
AMEMBASSY STOCKHOLM
AMEMBASSY VIENNA
INFO AMEMBASSY PARIS

C O N F I D E N T I A L STATE 043553

E.O. 11652: XFDS-1

TAGS: ESTC, SZ, SW, AU, FR

SUBJECT: CONTROLS ON EXPORTS FROM NON-ALIGNED COUNTRIES

1. DEPARTMENT IS PLANNING TO DISCUSS WITH SWEDISH, SWISS,
AND AUSTRIAN GOVERNMENTS ABOVE SUBJECT ALONG LINES OF
FOLLOWING DRAFT. IT IS PLANNED TO CALL IN SWEDISH
AMBASSADOR HERE IN WASHINGTON. ON FEBRUARY 17 DEPARTMENT
INFORMED KRELL OF GENERAL INTENT TO DISCUSS MATTER WITH
SWISS. HE NOTED LONG EAST-WEST TRADE EXPERIENCE OF SWISS
AMBASSADOR NOW IN WASHINGTON, IMPLYING THAT APPROACH MIGHT
USEFULLY BE MADE HERE. IN ABSENCE OTHER VIEWS FROM
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EMBASSY VIENNA DISCUSSION WITH AUSTRIANS WOULD PROBABLY
ALSO TAKE PLACE HERE.

2. EMBASSY VIEWS ON FOLLOWING DRAFT WOULD BE APPRECIATED:

A. DRAFT "NON-PAPER" FOR DISCUSSION WITH SWEDISH,
AUSTRIAN, AND SWISS ON EXPORT CONTROLS

1) WE BELIEVE IT WOULD BE USEFUL TO EXCHANGE VIEWS ON EXPORT CONTROLS AS PART OF THE ON-GOING PERIODIC INFORMAL DISCUSSIONS OUR TWO GOVERNMENTS HAVE HAD ON THIS SUBJECT FOR MANY YEARS.

2) THE UNITED STATES IS CONCERNED OVER THE DEGREE TO WHICH ADVANCED WESTERN TECHNOLOGY IS NOW BEING OR MIGHT IN THE FUTURE BE TRANSFERRED TO THE USSR, OTHER WARSAW PACT COUNTRIES AND THE PEOPLE'S REPUBLIC OF CHINA.

3) THE LINES BETWEEN MILITARY AND COMMERCIAL COMMODITIES HAVE BECOME BLURRED TO THE EXTENT THAT MANY MILITARY TECHNOLOGIES, EQUIPMENTS AND PRODUCTS ARE IDENTICAL TO, OR LARGELY OVERLAP, VARIOUS COMMERCIAL COUNTERPARTS.

4) THE UNITED STATES AND OTHER WESTERN COUNTRIES CURRENTLY HAVE AN APPRECIABLE MARGIN OF TECHNOLOGICAL SUPERIORITY OVER THE USSR IN SUCH AREAS AS INTERCONTINENTAL BALLISTIC MISSILES (ICBMS), SUBMARINE LAUNCHED BALLISTIC MISSILES (SLBMS), STRATEGIC AND TACTICAL AIRCRAFT, NUCLEAR ATTACK SUBMARINES, LOW FREQUENCY PASSIVE UNDERWATER HYDROACOUSTIC INTERCEPT SYSTEMS, AND BATTLEFIELD COMMUNICATIONS. THESE QUALITATIVE ADVANTAGES DERIVE FROM WESTERN SUPERIORITY IN SUCH THINGS AS GUIDANCE AND CONTROL SYSTEMS, LIQUID AND SOLID

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PROPULSION SYSTEMS, INTEGRATED CIRCUITS, ADVANCED COMPUTERS, COMPOSITE MATERIALS, BASIC AIRFRAME FASTENING TECHNOLOGY, JET ENGINE TECHNOLOGY, ACTIVE AND PASSIVE SONAR SYSTEMS, AND CABLE AND SIGNAL PROCESSING TECHNOLOGY.

5) ALMOST ALL OF THE SUPERIOR TECHNOLOGIES ON WHICH QUALITATIVE ADVANTAGES IN MODERN WEAPONS SYSTEMS REST HAVE PEACEFUL CIVIL APPLICATIONS. FOR EXAMPLE, THE ADVANCED COMPUTERS USED TO IMPROVE A WARHEAD DESIGN OR TO CARRY OUT REAL-TIME COMMAND AND CONTROL FUNCTIONS HAVE NUMEROUS SCIENTIFIC AND COMMERCIAL USES.

6) CONSEQUENTLY, WE HAVE MAINTAINED A POLICY THAT WE MUST NOT EXPORT WITHOUT RESTRICTION GOODS AND TECHNOLOGY WHICH WOULD MAKE A SIGNIFICANT CONTRIBUTION TO THE MILITARY POTENTIAL OF ANY OTHER NATION OR NATIONS WHICH WOULD PROVE DETRIMENTAL TO THE SECURITY OF THE WESTERN WORLD AND JAPAN. WE THINK THIS IS A SOUND POLICY. BUT IT IS RENDERED LESS EFFECTIVE IF THESE STRATEGIC ITEMS ARE AVAILABLE WITHOUT RESTRICTION FROM OTHER COUNTRIES.

7) THE UNITED STATES ADMINISTERS CONTROLS ON THE

RE-EXPORT OF U.S.-ORIGIN GOODS AND TECHNOLOGIES, ON THE EXPORT FROM OTHER COUNTRIES OF THE PRODUCT OF U.S.-ORIGIN TECHNOLOGY, AND ON CERTAIN EXPORTS FROM U.S. SUBSIDIARIES LOCATED IN OTHER COUNTRIES. IN ADMINISTERING THESE CONTROLS WE GENERALLY DEAL DIRECTLY WITH FIRMS. FOR INSTANCE, CONSIGNEES CONFIRM THEIR UNDERSTANDING THAT RE-EXPORTS REQUIRE AUTHORIZATION FROM THE UNITED STATES GOVERNMENT. WE WOULD BE PLEASED TO CONSULT WITH OTHER

GOVERNMENTS IN THIS PROCESS IF THEY SO DESIRE. AT A MINIMUM WE WOULD WELCOME AN UNDERSTANDING FROM OTHER GOVERNMENTS THAT THEY WILL NOT ACT TO FRUSTRATE THESE U.S. CONTROLS.

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8) WE BELIEVE THERE IS A COMMONALITY OF INTEREST IN CONTROLLING THE EXPORT OF STRATEGIC ITEMS. WE ASSUME THAT NON-ALIGNED COUNTRIES WOULD AT LEAST NOT SEEK TO PROFIT FROM THE SELF-DENIAL OF EXPORTS FROM COCOM COUNTRIES.

9) TO THE EXTENT THAT OTHER GOVERNMENTS SHARE OUR VIEWS THAT EXPORTS SHOULD BE CONTROLLED, WE SEE ADVANTAGES IN TAKING STEPS TO ACHIEVE PARALLEL APPROACHES IN THE AREA WHERE EXPORT CONTROL POLICIES ARE SIMILAR.

B. ADDITIONAL FOR SWEDEN:

1) IN THE "NON-PAPER" WE WOULD OMIT ANY MENTION OF THE ASEA CASE. HOWEVER, IN THE ORAL DISCUSSION, MAKE THE FOLLOWING POINTS:

2) IN RECENT DISCUSSIONS WE HAVE HAD WITH REPRESENTATIVES OF ASEA AND OF THE SWEDISH GOVERNMENT, WE HAVE TRIED TO POINT OUT OUR CONCERNS REGARDING A SALE BY ASEA TO POLAND OF THREE AXIS NUMERICAL CONTROLS. WE RECOGNIZE THAT IT WOULD BE DIFFICULT FOR ASEA TO WITHDRAW FROM A HARDWARE SALES CONTRACT WHICH IS APPARENTLY IN EFFECT. HOWEVER, WE ALSO UNDERSTAND THAT TRANSFER OF PRODUCTION TECHNOLOGY IS CONTEMPLATED BUT THAT THERE MAY BE A POSSIBILITY OF MODIFYING THIS ASPECT OF THE PROPOSED TRANSACTION. PRODUCTION TECHNOLOGY IS OF GREATER CONCERN THAN END PRODUCTS, ALTHOUGH OF COURSE CERTAIN PRODUCTS ARE OF CONSIDERABLE STRATEGIC SIGNIFICANCE. THEREFORE, WE WERE PLEASED THAT, AT A MEETING WITH ASEA, THE FIRM WAS APPARENTLY RECEPTIVE TO HEARING MORE DETAILED US VIEWS ON THIS SUBJECT. FOR THIS REASON WE WERE DISTURBED WHEN THE SWEDISH GOVERNMENT INFORMED US THAT NO FURTHER

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US DISCUSSIONS WITH ASEA NOR WITH THE GOS RE THE ASEA TRANSACTION WAS DESIRED.

3) WE SURMISED THAT THERE ARE U.S. PARTS IN THE ASEA NUCON 400. WE COULD, OF COURSE, RESTRICT THE FUTURE EXPORT OF U.S. GOODS AND TECHNOLOGIES TO ASEA IF WE CONCLUDED THAT ASEA HAD NOT COMPLIED WITH THE U.S. EXPORT CONTROL TERMS OF PRIOR PURCHASES OF U.S. COMPONENTS. HOWEVER, THIS WOULD BE A MEASURE WHICH WE AND, WE PRESUME, SWEDEN AND ASEA WOULD WISH TO AVOID. FOR THIS REASON, WE WERE SEEKING A RESOLUTION OF THE PROBLEM BASED ON

COOPERATION RATHER THAN ON CONFRONTATION. WE WOULD NOT ASK THAT THE GOVERNMENT OF SWEDEN PARTICIPATE IN THE ADMINISTRATION AND ENFORCEMENT OF A DENIAL PROGRAM BASED ON U.S. LAWS AND REGULATIONS. HOWEVER, WE THINK IT REASONABLE THAT THE UNITED STATES GOVERNMENT SEEK A MEANS TO CAUTION SWEDISH CUSTOMERS OF U.S. ITEMS CONCERNING RE-EXPORT OF STRATEGICALLY RATED U.S. GOODS AND TECHNOLOGY TO A COUNTRY TO WHICH DIRECT TRANSFER OF THE SAME GOODS AND TECHNOLOGY FROM THE U.S. WOULD NORMALLY NOT BE PERMITTED.

4) EVEN IF IT SHOULD DEVELOP THAT THE NUCON 400 DOES NOT INCORPORATE ANY U.S.-ORIGIN PARTS OR TECHNOLOGY, WE WOULD HOPE THAT SWEDEN WOULD RECOGNIZE THE DISADVANTAGES OF THE TRANSFER OF THIS EQUIPMENT AND MOST PARTICULARLY THE TECHNOLOGY FOR ITS PRODUCTION TO THE EAST. VANCE

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